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Korea, Republic of

Citrus

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Report Highlights:

In 1998, the larger than expected volume of damaged and diseased fruit at harvest resulted in a smaller total tonnage of Korean citrus. A strong domestic market and tighter supplies and restrictions on imported citrus combine to create a favorable market environment for domestic suppliers of citrus. On the trade front, through April 30, 1999, only 9,625 MT out of 33,271 MT of MMA quota oranges tendered had been awarded, all to U.S. suppliers. South Africa will provide competition for the U.S. as it was just approved to export oranges to Korea. In 1999, if the historical cyclical pattern of production on Cheju Island holds, total citrus yield should be nearly 50 percent higher than recorded this year, and thus create additional competition for U.S. citrus products in regional markets.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
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Fresh Citrus

In 1998, the larger than expected volume of damaged and diseased fruit (e.g., skin cracking, brown rot) at harvest resulted in a smaller total tonnage of domestically produced citrus. Strong demand from the fresh market out competed that from processors resulting in higher producer and retail prices. Producer promotional campaigns partially negated consumer hesitations brought about by rising retail costs and lingering doubts about the economy.

A strong domestic market and tighter supplies and restrictions on imported citrus combine to create a favorable market environment for domestic suppliers of citrus. Exports to the U.S., initially projected at over 5,000 MT, totaled 31 MT due to problems with excessive chemical residues on the fruit. Other markets, Japan and Canada, absorbed some of the rejected U.S. destined produce but the majority of the fruit remained in Korea for local use. Imports, expected to increase in 1998 in following consumption patterns of recent years and given the current domestic supply situation, never materialized. Newly adopted restrictive minimum market access (MMA) orange quota tender specifications discouraged most U.S. companies owning fruit after the December freeze in California from participating in the government sanctioned auctions. Through April 30, 1999, only 9,625 MT out of 33,271 MT of MMA quota oranges tendered had been awarded, all to U.S. suppliers. The costly mandatory fumigation requirement remains a disincentive to some importers who fear it unnecessarily damages imported U.S. fruit already perceived generally to be of poor quality this year. South Africa will provide an alternative source to the U.S. as it was just approved to export oranges to Korea. It's season, though, will be in direct competition with Korea's season for green-house citrus production. Other countries seeking export permission to Korea include Australia, Spain, and Chile.

In 1999, if the historical cyclical pattern of production on Cheju Island holds, total citrus yield should be nearly 50 percent higher than recorded this year, and thus create additional competition for U.S. citrus products in regional markets. Efforts most likely would be undertaken by the producer organization and provincial government (e.g., thinning and pruning programs, removing marginal orchards from production, more extensive sorting of fruits, increasing export promotion activities, etc.) to reduce the volume of fruit moving onto the domestic market in order to ensure producer prices don't totally collapse.

FOJC Market Situation

Frozen orange juice consumption is steadily rising in tandem with consumer's expectations about the economy. Processors are optimistic the market will recover to 1996 levels by the end of 1999. Consumer preference still is for premium orange juice produced using non-frozen citrus is driving the expansion. Korean orange juice exports to Russia, formerly Korea's largest market, decreased dramatically with the Russian moratorium in 1998. Replacement markets are being sought in South East Asian countries, the U.S., and Mongolia, but weak economic conditions in many of those markets is inhibiting expansion efforts. The market for U.S. FOJC exports to Korea should remain stable as a niche market.

Tables

PS&D for Citrus

PSD Table						
Country:	Korea, Republic of					
Commodity:	Fresh Citrus,Other					
		1996		1997		1998
	Old	New	Old	New	Old	New
Market Year Begin		10/1996		10/1997		10/1998
Area Planted	25802	25802	25781	25781	25800	25860
Area Harvested	23447	22390	22687	23036	22704	23107
Bearing Trees	27092	27092	28359	28359	28380	28884
Non-Bearing Trees	11611	11611	10313	10313	10320	9906
TOTAL No. Of Trees	38703	38703	38672	38672	38700	38790
Production	507	484	658	655	525	508
Imports	1	1	1	1	1	1
TOTAL SUPPLY	508	485	659	656	526	509
Exports	1	1	4	4	7	8
Fresh Dom. Consumption	495	472	641	638	507	496
Processing	12	12	14	14	12	5
TOTAL DISTRIBUTION	508	485	659	656	526	509

PS&D for FOJC

PSD Table						
Country:				65	Degrees Brix	
Commodity:						
		1996		1997		1998
	Old	New	Old	New	Old	New
Market Year Begin						
Deliv. To Processors	0	0	0	0	0	0
Beginning Stocks	2500	2500	3062	3062	1974	2304
Production	1251	1251	1470	1469	1280	543
Imports	51357	51357	31000	36937	45000	46000
TOTAL SUPPLY	55108	55108	35532	41468	48254	48847
Exports	5564	5564	2900	2795	2500	2000
Domestic Consumption	46482	46482	30658	36369	43073	44133
Ending Stocks	3062	3062	1974	2304	2681	2714
TOTAL DISTRIBUTION	55108	55108	35532	41468	48254	48847

Korea: Citrus Production Situation

Year	Area (HA)	Production (MT)	Farm Household	Gross Income (Mil.won)
1990	19414	492700	25616	315100
1991	19605	556350	25818	425134
1992	21727	718700	29541	262330
1993	21479	619000	26571	394829
1994	22800	548945	26596	552120
1995	24150	614770	26589	433447
1996	25802	480000	36055	607900
1997	25781	693200	36050	400862
1998	25860	511860	36212	513300
1999 1/	25860	760000	36212	257800

1/ Preliminary: provided by Cheju Citrus Grower's Cooperative

Source: Cheju Provincial Government

Korea: Citrus Growing Situation in Greenhouse

Year	Area (HA)	Production (MT)	Gross Income (Million Won)	Household	Price (Won/kg)
1990	25.5	1277	3908	114	3060
1991	80.2	4224	12756	328	3020
1992	164.4	5364	16467	643	3070
1993	295.6	9112	24010	1035	2635
1994	376	13220	39858	1278	3015
1995	425	15851	46500	1537	2800
1996	497.7	23093	74659	1601	3233
1997	554.2	27461	85077	1762	3098
1998	637	28922	65711	2094	2272
1999	694 1/	31000 1/	N/A	2100 1/	N/A

1/ Preliminary

Source: Cheju Provincial Government

Korea: Per Capita Consumption of Total Fruits and Citrus

Year	Total Fruits	Citrus
1996	52.3 Kg	11.9 Kg
1997	57.9 Kg	14.9 Kg
1998	49.2 Kg	11.7 Kg

Source: Ministry of Agriculture & Forestry

Korea: CY 1999 Minimum Market Access (MMA) Bids*As of April 30, 1999*

Bids & Bid Date	Variety	Amount	Awarded
1. (Dec. 21, 1998)	Navel	6,000 MT	6,000-MT awarded but canceled due to supply problems after the Cal. freeze
2. (Feb. 10, 1999)	Navel	3,000 MT	-
3. (Feb. 27, 1999)	Navel	3,000 MT	-
	Minneola Tangelos	1,630.9 MT	-
4. (Mar. 10, 1999)	Navel	3,000 MT	275 MT
	Valencia	2,000 MT	850 MT
	Minneola Tangelos	1,500 MT	-
5. (Mar. 24, 1999)	Navel	2,000 MT	-
	Valencia	3,000 MT	-
	Minneola Tangelos	1,630.9 MT	-
6. (Mar. 29, 1999)	Valencia	5,000 MT	5,000 MT
7. (Apr. 6, 1999)	Valencia	10,000 MT	3,500 MT
	Honey Mandarin	500 MT	-
8. (Apr. 20, 1999)	Valencia	3,000 MT	-
9. (Apr. 28, 1999)	Valencia	3,000 MT	-
Total		48,261.8 MT	9,625 MT

Note: On 4/4/99, the first MMA shipment (1,125 MT) arrived. It was purchased under the fourth tender.

Korea liberalized fresh orange market on July 1, 1999. The followings are in-quota and out-of quota tariff applied to oranges and other citrus in accordance with the Uruguay Round Country Schedule.

Korea: Import Quota and Tariff for Fresh Orange

(Unit: MT, %)

Year	Quota	In-quota Tariff	Out-quota Tariff
1998	28125	50	79.4
1999	31641	50	74.5
2000	35596	50	69.6
2001	40046	50	64.7
2002	45052	50	59.8
2003	50684	50	54.9
2004	57020	50	50

Korea: Import Quota and Tariff for Other Citrus 1/

(Unit: MT, %)

Year	Quota	In-quota Tariff	Out-quota Tariff
1998	1537	50	153.6
1999	1630	50	152
2000	1723	50	150.4
2001	1816	50	148.8
2002	1909	50	147.2
2003	2002	50	145.6
2004	2097	50	144

1/ HS 0805.20.1000, HS 0805.20.9000, HS 0805.90.0000

Trade Matrix

Import Matrix for Oranges

Import Trade Matrix				
Country: Korea				
Commodity: Orange			Unit: MT & U\$1,000	
Imports for	MY 1997/98		Oct. 1998 - Mar. 1999	
Country	Vol	Val	Vol	Val
U.S.	36569	28034	5337	5761
Others				
Thailand	3	13	4	21
Hong Kong	13	17	39	38
Canada	0	0	73	38
France	0	0	13	12
Other	18	19	0	0
Total for Others	34	49	129	109
Grand Total	36603	28083	5466	5870

Source: Korea Customs Service

Import Matrix for Lemon

Import Trade Matrix				
Country: Korea				
Commodity: Lemon			Unit: MT & U\$1,000	
Imports for	MY 1997/98		Oct. 1998 - Mar. 1999	
Country	Vol	Val	Vol	Val
U.S.	2378	2652	1255	1568
Others				
New Zealand	55	68	40	49
Other	0	0	0	0

Total for Others	55	68	40	49
Grand Total	2433	2720	1295	1568

Source: Korea Customs Service

Import Matrix for Grapefruit

Import Trade Matrix				
Country: Korea				
Commodity: Grapefruit			Unit: MT & U\$1,000	
Imports for	MY 1997/98		Oct. 1998 - Mar. 1999	
Country	Vol	Val	Vol	Val
U.S.	1274	962	1038	859
Others	0	0	0	0
Total for Others	0	0	0	0
Grand Total	1274	962	1038	859

Source: Korea Customs Service

Export Matrix for Korean Tangerine

Export Trade Matrix				
Country: Korea				
Commodity: Tangerine			Unit: MT & U\$1,000	
Exports for	MY 1997/98		Oct. 1998 - Mar. 1999	
Country	Vol	Val	Vol	Val
U.S.	1183	1260	31	29
Others				
Russia	1002	439	19	7
Canada	913	887	4166	2854
Japan	354	800	1565	1639
Singapore	99	67		
Hong Kong	47	34	17	23

Guam	27	40	28	42
Others	615	775	2	3
Total for Others	3057	3042	5797	4568
Grand Total	4240	4302	5828	4597

Source: Korea Customs Service

Import Matrix for FOJC

Import Trade Matrix				
Country: Korea				
Commodity: FOJC			Unit: MT & U\$1,000	
Imports for	MY 1997/98		Oct. 1998 - Mar. 1999	
Country	Vol	Val	Vol	Val
U.S.	7568	11087	2938	4872
Others				
Brazil	28913	33130	11282	16901
Mexico	161	227	0	0
Australia	125	205	56	47
Israel	65	287	0	0
Swiss	0	0	9	125
Belgium	0	0	66	74
Other	105	179	19	31
Total for Others	29369	34028	11432	17178
Grand Total	36937	45115	14370	22050

Source: Korea Customs Service

Export Matrix for FOJC

Export Trade Matrix				
Country: Korea				
Commodity: FOJC			Unit: MT & U\$1,000	
Exports for	MY 1997/98		Oct. 1998 - Mar. 1999	
Country	Vol	Val	Vol	Val
U.S.	50	76	0	0
Others				
Russia	2612	1936	0	0
Taiwan	32	42	162	211
PRC	71	69	0	0
Australia	0	0	306	356
Japan	0	0	5	30
Other	65	86	53	110
Total for Others	2780	2133	526	707
Grand Total	2830	2209	526	707

Source: Korea Customs Service

Price Table

Korea: Average Tangerine Auction Price for 1998-1999

(Unit: Korean Won per 1Kg)

Month	High Quality		Medium Quality	
	1998	1999	1998	1999
Jan.	900	1735	705	1351
Feb.	1156	1937	935	1497
Mar.	1500	N/A	1182	N/A
April - September: N/A				
Oct.	1421	N/A	1046	N/A
Nov.	1281	N/A	989	N/A
Dec.	1301	N/A	998	N/A

Source: Cheju Citrus Cooperative

Korea: Wholesale Price for Domestic & Imported Oranges

(Unit: Korean Won per 1kg)

Month	Imported Navel		Korean Orange	
	High	Medium	High	Medium
Feb. 98	2237	2220	3488	2760
Mar. 98	3130	2826	2628	1039
Apr. 98	2718	2248	N/A	N/A
Dec. 98	3129	2544	4100	3535
Jan. 99	3291	2705	3977	3202
Feb. 99	3558	3108	4576	3723

Source: Karak Wholesale Market